

TOURISM INFRASTRUCTURE ANNUAL REPORT

The Missouri Tourism Infrastructure Program targets the development or improvement of tourism infrastructure facilities in Missouri. This program, administered by the Missouri Department of Economic Development, was introduced and passed during the 2019 legislative session, and Section 99.585 RSMo became effective on August 28, 2019. As of the August 28, 2020, application deadline, one project had applied to utilize the Tourism Infrastructure program.

Projects participating in the Tourism Infrastructure program are required to produce a positive net fiscal impact for the state over the term of the project. State statute also requires an annual evaluation of the net state fiscal benefit of the projects in the program. An increase in visitors to Missouri from outside the state is one economic benefit of tourism. Visitors spend money on tourism activities, such as accommodation, food and drink, and retail spending, during their time in Missouri, contributing to the state's economy and tax revenue and contributing to a tourism project's net fiscal impact to the state.

Total Fiscal Impact

The total fiscal impact of the program is reported annually by the applicant. For the 2025 fiscal year, the applicant's estimated total fiscal impact is \$12.77M in state income taxes and state sales taxes.

Net Fiscal Benefit to the State

Through economic modeling and fiscal impact analysis, the department estimates and compares expected state revenues to the costs of providing a tax benefit over time. Economic models project how spending ripples through the economy based on past spending patterns. This provides an estimate of potential spin-off jobs and spending that could occur beyond those directly created by the project. Economic and fiscal impact analysis is particularly well suited to evaluating projects and programs where the goal is increased economic activity, such as job creation, capital investment, or tourism activity, which spurs additional state revenue.

Impacts vary over the lifecycle of the project. Significant investment during construction can create a large impact on the front-end of a project, while sustained increases to job creation or visitor spending are more consistent and dependable impacts to general revenue.

Net Fiscal Benefit to the State for FY2025

For activity occurring in FY2025, it is estimated that every dollar of state tax credits invested in the program generated \$0.38 in general revenue. This totals \$1.13M in general revenue to the State of Missouri through redevelopment spending and events would have been lost without improvements to the facility. Accounting for costs to the state, the net increase to general revenue during this year was approximately \$-1.34m.

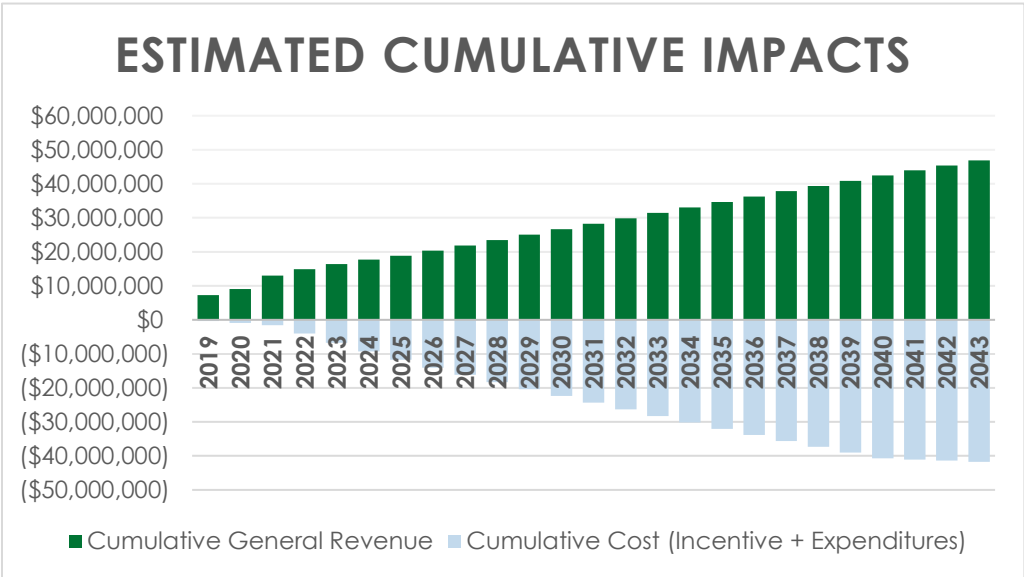
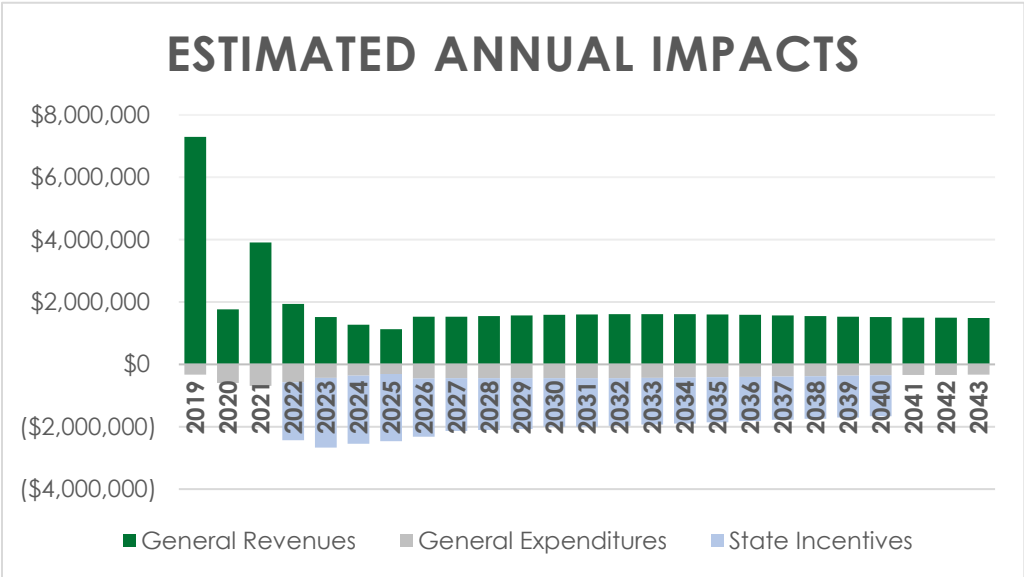
Cumulative Net Fiscal Benefit to the State for the Project through FY2025

Evaluating project activity from the start of the project provides a clearer picture of overall project performance to date, accounting for the different impacts of extended construction periods and delayed operations. For activity occurring from the start of the project through FY2025, it is estimated that every dollar of state tax credits invested in the program generated \$1.84 in general revenue. This totals an estimated \$1.13M in general revenue to the State of Missouri through redevelopment spending and events would have been lost without improvements to the facility. Accounting for costs to the state, the net increase to general revenue during this time was an estimated \$15.54M.

Projected Cumulative Net Fiscal Benefit to the State for the Project

Over the 25-year project life cycle, based on project activity through FY2025 and projections provided by the applicant, it is anticipated that every dollar of state tax credits invested in the program will generate \$1.17 in general revenue. This totals an estimated \$36.33M in general revenue to the State of Missouri through redevelopment spending, increased tourism, and events would have been lost without

improvements to the facility. Accounting for costs to the state, the projected net increase to general revenue over the project period is an estimated \$5.16M.



The economic model currently used by the Department is the Regional Economic Models, Inc. (REMI) Policy Insight model. Unlike other models, REMI allows the Department to estimate impacts over a selection of years, as opposed to a single year. This is important, given the multi-year structure of Missouri's tax incentive programs and changes that can occur over time. The Department has performed economic analyses for over 15 years and currently performs approximately 200 analyses each year.

All projections of the future state of Missouri's economy carry some degree of uncertainty given unforeseen circumstances, changing business plans, and fluctuating business cycles. The modeling scenario used for this analysis assumes that projects involved in the Tourism Infrastructure program implement their corporate investment and expansion plans as set forth in their application to the program. Each year the annual report is updated with the latest available information and will reflect any changes that have occurred in the prior year. Having the most current information provides the best estimate of overall program impacts but does mean that past reports will not reflect these later revisions. This analysis approach provides a range of impact estimates useful in understanding the project overall.